Transit Revenue Option Details in Peer Regions

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Dallas

- Dallas Area Rapid Transit (DART)
  - DART's three main revenue sources are sales tax, operating revenues, and federal funding
  - One-half cent sales tax in place since voter approval in 1984
  - Voters approved the ability to bond funds in 1987
  - DART also can generate income from joint development projects
  - Excluding federal funds or debt issuance, sales tax revenue accounts for approximately 80% of DART's annual revenues
  - Because small changes in sales tax collections in the near-term can have significant long-term ramifications, DART has adopted a conservative policy regarding estimated sales tax collection in future years
  - Other revenues include passenger fares, advertising revenues, rental income, and federal assistance for vanpools and transit police

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Denver

- Denver Regional Transit District (RTD) serves 8 counties and collects revenues from a number of different sources – primarily from its sales tax, federal funds, and farebox collection.

- Denver RTD was authorized in 1983 to levy a .6% sales and use tax (increased from the initial .5% in 1974), which is a dedicated funding source for transit. Allowable uses include transit operations and capital, if funds are sufficient.

- The FasTracks ballot initiative passed by the voters of the District on November 2, 2004 raised the sales tax rate to 1.0%, with the requirement that these new funds be used to fund the FasTracks transit expansion program.

- FasTracks is a $4.7 Billion, 12-year plan to fund 119 miles of Light Rail and Commuter Rail, 18 miles of Bus Rapid Transit, expanded bus service, and parking. Local governments have to provide 2.5% matching funds/contributions for each project in their jurisdiction.

Detroit

- Suburban Mobility Authority for Regional Transportation (SMART)
  - Suburban authority serving 3 counties and 74 cities/townships
  - Dedicated property tax requiring 5-year renewal by municipality
  - Voters approved renewal of its 0.59 property tax millage in August 2006
- Detroit DOT provides bus service in the city and 20 suburban areas. Transit Windsor provides connecting service to Windsor, Ontario.
- Detroit Area Regional Transit Authority (DARTA)
  - Currently being formed to allocate state and federal transit funds, and to coordinate planning but encountering legislative hurdles
  - Applications for federal and state funding are still in progress
  - Has received start-up funding from the MDOT
  - Currently no local funding

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Houston

- Metropolitan Transit Authority of Harris County, TX (METRO)
- Aside from federal subsidy and system-generated revenues (e.g., fares, advertising, etc.), Houston METRO is supported solely by a 1% sales tax approved in 1978 that is collected in its service area.
- METRO's 1% sales tax funds transit operations (including operating and capital needs), traffic management operations, and local infrastructure improvements.
- In November 2003 Houston voters approved METRO Solutions the Authority's long range plan. This initiative provided the voter approval required to issue $640 million of long term debt to support additional light and commuter rail service, more bus service including bus rapid transit, park & ride lots, transit centers, and road improvements such as HOV to HOT lane conversions.
- METRO Solutions also extends the General Mobility Program from 2010 to 2014, setting aside one-quarter of METRO's one-cent sales tax revenue for non-transit mobility projects in the region. Funds are allocated to the cities by a formula.

Miami

- Miami-Dade Transit receives both local and state (FDOT) support, with local support making up the vast majority of funding. State funds are primarily gas taxes.
- In November 2002, Miami-Dade County voters approved a 0.5% increase (from 6.5% to 7.0%) in the sales tax to be used solely for transportation purposes as documented in the People's Transportation Plan (PTP).
- The sales tax increase is committed to projects in three primary categories – Bus Service Improvements, Rapid Transit Improvements, and Major Highway and Road Improvements.
- Created the Citizen's Independent Trust, a 15 member board to oversee the taxes expenditures
- Projects to be funded are identified in the Plan but the following constraints are in place:
  - No more than 5% of funds can be spent on administration
  - 20% of revenues to be provided to municipalities for transportation enhancement projects

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Miami (cont'd)

- Potential regional funding for the South Florida Regional Transportation Authority (SFRTA)
  - SFRTA was created by the state legislature in 2003 from the former Tri-County Commuter Rail Authority
  - Members are 3 counties, FDOT, and governor appointees
  - Each county makes annual contributions from local taxes such as sales tax, local option sales tax, etc. SFRTA has bonding authority.
  - SRTA is authorized to levy an Annual License Tax for the registration or renewal of each vehicle registered in Miami-Dade, Broward, and Palm Beach Counties
  - This fee would be instituted upon approval of a referendum from registered voters in each of the counties. Referendums not passed to date.
  - Variations of this funding source are being explored with the state legislature.

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Phoenix

- One-half cent sales tax authorized in Maricopa County in 1985. Other cities within the County have individually authorized similar sales taxes since then. In 2004, Maricopa County extended the tax and dedicated 1/3 to transit.

- Valley Metro adopted as operating name for the Regional Public Transportation Authority which is authorized to build freeway and transit projects including the 20 miles of light rail transit to open in late 2008. Valley Metro includes Maricopa County and 13 cities.

- Valley Metro members also receive Local Transportation Assistance Funds (LTAF) revenues from the Arizona State Lottery. They also can apply for and receive LTAF II funds which are proceeds from the national powerball lottery. LTAF II funds are passed through Valley Metro.
  - For jurisdictions over 300,000 population – must spend all LTAF on transit
  - For jurisdictions from 60,000 to 300,000 population – must spend 1/3 of LTAF on transit
  - For jurisdictions under 60,000 population – must spend 3/4 of LTAF on transit

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San Francisco

- Bay Area Rapid Transit (BART)
  - One-quarter cent sales tax providing 38 % of operating costs
  - Property tax to retire rail bond debt (tax rate determined by remaining debt) and 1% of operating costs. Tax expires when debt is repaid.
  - Passenger revenues
  - Voter referendums for ½ cent, 10-year sales tax passed to fund rail expansion in 2 counties
- San Francisco Municipal Railway (Muni)
  - Transit Impact Development Fee for operating and capital costs. $5 per gross square foot of new office development (raised $100 million)
- Muni 3rd Street Light Rail project
  - $8.5 million in tax increment financing
  - Local sales tax
  - Federal funds (New Starts, Rail Modernization, Surface Transportation Program)
  - State funds from Caltrans

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Seattle

- Sound Transit
  - Funded through a combination of voter approved taxes, federal grants, farebox revenues, borrowed funds (bonds), and interest revenues
  - Has state authority to collect up to .9% retail sales and use tax, up to .8% Motor Vehicle Excise Tax (MVET), and employer tax of $2 per employee
  - Voters passed “Sound Move” in November of 1996, facilitating .4% sales tax and a .3% MVET to finance construction and operation of Phase 1 (100+ capital and service projects).
  - Following passage of Initiative 776 in 2002, Sound Transit lost its ability to increase collection of the MVET but it will be collected until 2028 to make bond payments.
  - Still significant unused taxing authority: .6% sales tax and employer tax.
  - Phase 2 (50 miles of light rail, express bus and other capital facilities) funding package will go to voters in November 2007. Includes operations and maintenance for system expansions and increasing express bus service.
  - Sound Transit 2 (ST2) is a regional sales tax of 1/2 %

Seattle (cont'd)

- City of Seattle
  - Revenues include Seattle DOT's transportation tax and fee revenues including local allocation of the state fuel tax, general fund sources, as well as cumulative reserve fund
  - General fund sources include sales tax, property tax, business and operating tax, utility taxes, street use permit fees, parking meter fees, and other smaller taxes
  - Cumulative reserve fund revenues are composed primarily of real estate excise taxes
  - City is developing a fee-based mitigation system, generating revenues from "impact fees" based on area of development to be used for transportation
  - In November 2006, voters passed the "Bridging the Gap" initiative which lifted the "lid" on the property tax levy and it grows at the rate of construction inflation but is capped to 5% per year. Tax is for 9 years and can be extended by another vote. Raises $365 million.
  - Also in 2006, the City Council imposed a 10% commercial parking tax and a business transportation tax at the rate of $25 per FTE. Raises $544 million.

Seattle (cont'd)

- King County
  - Metro Transit is funded by the County's Public Transportation Fund
  - Fund revenues are generated by local, voter approved retail sales tax of .8%, fares, grants, Sound Transit service contributions, and other King County funds
  - As a Metropolitan Municipality, the county has state authority to collect an additional .1% retail sales and use tax if voter approved.
- State of Washington
  - Gasoline tax of 28 cents per gallon for highways, ferries and roads
  - State can use the gas tax to provide right of way for future transit
- Seattle Monorail Authority
  - Authority now defunct
  - Had state authority to collect up to a 2.5% MVET, a rental car sales tax, up to a $100 vehicle license fee, up to a $1.50 per $1,000 assessed value property tax, and the ability to form a local improvement district which could levy special assessments on property

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Seattle (cont'd)

- Regional Transportation Improvement District (RTID) created by state legislature to develop a package to go to the voters in November 2007 to support transportation. Serves three counties and numerous cities.
- Developed a $6.9 billion package called "Blueprint for Progress"
- Includes highways, light and commuter rail, park and ride, express and local bus service
- To be funded with a 1/10 of 1% sales tax and an MVET of 8/10 or 1%
- Will be on same ballot as Sound Transit 2

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Washington, DC

- Washington Metropolitan Area Transit Authority (WMATA) – District of Columbia, 2 counties in Maryland and 5 cites/counties in northern Virginia
- 1.6% of budget from dedicated funding sources – N. Virginia – 2% sales tax on gasoline
- Virginia also has a general sales tax of 7.5% with 8.4% dedicated to the Commonwealth Mass Transit Fund and allocated to transit capital projects. Deed-recording fee for property transactions used to support local bond issues for transit projects.
- Rail, bus, and paratransit operating subsidy formulas to support operating costs. Weighting factors include population, population density, weekday ridership, # of rail stations in jurisdiction, regional and non-regional bus service, revenue hours and miles and other such factors.
- Capital Improvement Program ($2.3 billion over 20 years) to replace/rehabilitate facilities and equipment on Metrorail and Metrobus. Federal, state, and local funds including Commercial Line of Credit backed by a TIFIA guarantee.
- Used air rights development & funds from the Airports Authority to fund Rosslyn rail station

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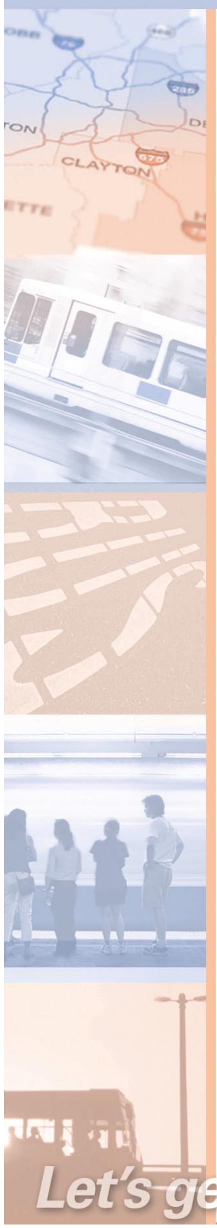
Fare revenues vary among agencies, but tend to cover only about 1/3 of operating expenses



Agency	Fares as a % of operating funds
PATH	66%
WMATA	46%
MBTA	28%
Pace Suburban Bus	28%
MTA (Maryland)	27%
MARTA	25%
San Francisco Muni	24%
LA Metro	24%
Miami-Dade Transit	22%
GRTA	21%

Agency	Fares as a % of operating funds
Metro (Portland, OR)	19%
Broward County Transit	19%
Denver RTD	18%
AC Transit	17%
Metro (Houston)	16%
Riverside Transit Agency	15%
Orange County Transit	15%
UTA	14%
DART	10%
Santa Clara VTA	10%

Chart based on average fare recovery as reported to NTD over the period 2002-2005

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Examples of traditional funding approaches

- Traditional
  - Sales taxes – Denver, Houston, Miami, Phoenix, BART, Seattle
  - Gas taxes – state share in Florida, Washington state with some limits, N. Virginia for WMATA
  - Property taxes – Detroit, Seattle
  - Passenger fare revenues - all
  - Federal funds - all
  - State funding - Miami

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Examples of non-traditional funding approaches

- Non-traditional
  - Lottery proceeds - Phoenix
  - Motor vehicle excise tax (MVET) - Seattle
  - Motor vehicle registration fees – Miami (authorized but not implemented)
  - Rental car taxes – Seattle, proposed in Florida
  - Transit development impact fees – Seattle, Muni
  - Parking taxes - Seattle
  - Road user fees – Oregon test project
  - Business transportation tax (per FTE) – Seattle
  - Improvement districts - Seattle

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